

OVERSEAS NEWS

Belgians try to settle on coalition

By David Suchan in Brussels THE LEADERS of five of Belgium's political parties...

ISRAELIS HOLDING 1,000 ARABS IN DESERT CAMP

Lawyers condemn 'insanitary' jail

BY ANDREW WHITLEY IN JERUSALEM

ABOUT 1,000 Palestinians from the West Bank and Gaza Strip caught in the occupied territories...



Rabin: aggressive policy new, more aggressive policy announced by Defence Minister Yitzhak Rabin on Sunday.

In a sharp increase of fatalities, 26 people have been killed over the past week alone...

Iran fires missile at Kirkuk refinery

BY OUR FOREIGN STAFF

IRAN SAID yesterday its forces attacked an oil refinery in northern Iraq and a petrochemical plant in the south...

at the weekend which ended a short break coinciding with a visit by Mr Targui Ozal, the Turkish Prime Minister...

Armenian strikes go on as Kremlin hits at media

By Leslie Collin in Moscow STRIKES continued yesterday in the disputed region of Nagorno-Karabakh...

Deserted beaches on paradise islands become a reality as sun-worshippers stay away, reports Cannte James

Market crash blamed for fall in Caribbean tourism

WHEN TURMOIL overtook international stock markets in the final quarter of last year, Caribbean tourists hardly moved...

Barbados. "We had looked at the prospects for the North American and European markets, and had concluded that the outlook was positive...

region's tourists come from the US with growing numbers from Western Europe. A decline in visitor arrivals and reduced earnings...

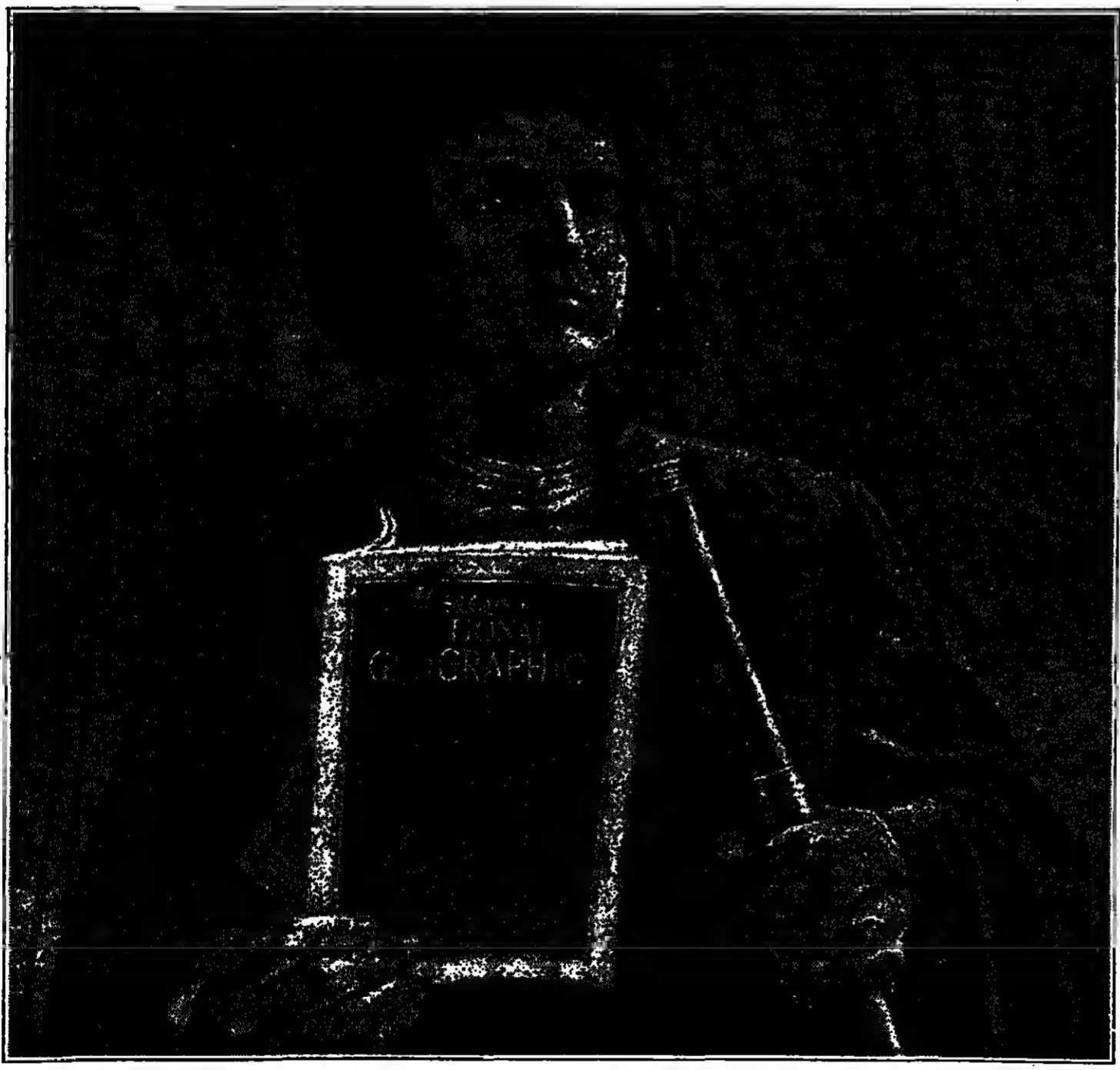
ings on Jamaica hotels - which he also blames on the stock market turmoil - he said there are signs of a reversal...

visitor from Britain would now pay just over £50 (\$88), he explained. But the Caribbean itself is a victim to changes in the parity of currencies in resort areas...

Germany (up 50 per cent) and France (up 40 per cent) showing the largest percentage gains. The decline in the volume of stayover tourist arrivals is also expected by the regional tourism administrators...

Discovery is a never ending process.

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are researching, in the knowledge that it can lead to new products. Through extensive research and development STORA is today one of Europe's leading forest industries...



The STORA group has a turnover of more than SEK 20,000 million and has approximately 22,000 employees. The Head Office is located in Pula, Sweden.

Saudis may allow US to inspect Chinese missiles

SAUDI ARABIA will let US experts inspect medium-range missiles acquired from China if Washington guarantees Israel will not attack them...

United States to stay as they were," the diplomat said. An inspection accord would confirm an assurance against Israeli attack given by Washington after Israeli officials said they could not tolerate the presence of such arms in Saudi Arabia.

JACOBS SUCHARD

Notification Addressed to the Holders of Warrants of 2% Issue 1987-97 for DM 100 000 000 3 % Issue 1987-94 for US\$ 150 000 000 with warrant coupons A and B

At its meeting on March 8, 1988, the Board of Directors of Jacobs Suchard Ltd., Zurich, resolved to propose to the shareholders an increase in the share capital...

Delvalle cautions on Panama sanctions

By Stewart Fleming, US Editor, in Washington
PANAMA'S deposed president, Mr Eric Arturo Delvalle, who is still recognised as head of government by the US, has expressed his opposition to any intensification of Washington's pressure to drive General Manuel Noriega, Panama's military strongman, from power.

Mr Delvalle's views, reported yesterday in the New York Times, could influence the debate raging within the Reagan Administration over what steps Washington should take next in its efforts to remove General Noriega who was indicted on February 5 in the US on drug smuggling and racketeering charges.

Mr Delvalle, who is in hiding in Panama, said there was no need for the US to take additional steps. "If the US continues the present pressure that will be enough," he said, adding that General Noriega "is desperately in search of funds and he isn't getting any."

He added that "an embargo or stronger economic sanctions might generate a negative effect towards the US and might not provide immediate effects."

The Reagan Administration is this week reinforcing its already strong garrison in Panama, dispatching a further 1,300 troops there to reinforce the security force guarding the Panama Canal. Last month it doubled the canal security force from 600 to 1,270.

In addition there are some 10,000 troops stationed in Panama, which in the headquarters of US Southern Command.

Several weeks of mounting pressure from Washington, which has helped to close down the banking system and deprive General Noriega's regime of the cash it needs to pay government workers, have failed to bring about the downfall of Mr Noriega. This has triggered a fierce debate in Washington about what the next steps should be.

US officials have indicated that a wide range of diplomatic, political and military options are under consideration but that no decisions have been taken yet.

There are indications, however, that the State Department feels that the pressure on General Noriega to quit should be intensified further immediately. However, the Pentagon is reportedly unenthusiastic about moves which could involve the US in military action in Panama.

Inflation gathers pace in Peru

By Barbara Durr in Lima
PERU'S rate of inflation last month hit 22.6 per cent, the highest in the country's history. The abrupt increase, following 12.5 per cent in January and 11.5 per cent in February, put inflation at 17.9 per cent during the last 12 months.

Some independent economists are predicting that Peru's inflation will race ahead to more than 500 per cent this year.

The government is hoping that the petrol, food and other price increases it announced early last month have been absorbed in a single blow, and that the price freeze it imposed will now reduce April's inflation to less than half March's rate.

The government appears to be aiming to contain inflation at 200 per cent this year, but there is a lot of scepticism about its chances.

While the government is making efforts to monitor its price controls, hoarding and speculation are widespread.

Argentina to open oil fields to private companies

BY OUR BUENOS AIRES CORRESPONDENT

PRIVATE SECTOR oil companies are to be allowed to operate Argentine oil fields, until now the sole domain of the state oil corporation, Yacimientos Petroliferos Fiscales.

The policy, approved last week by President Raul Alfonsín's full cabinet, was an important shift from decades of state domination in the oil sector, industry sources said. "Past plans have centred on intentions rather than production," one senior company representative said yesterday.

Industry officials here say the measure is intended to increase stagnating oil output, which threatens to force Argentina to import oil for a second year running.

Production last year totalled 24.6m cubic metres, about 160m barrels. Little difference from the 1985 level. Imports are estimated privately at over half a million cubic metres last year.

YPF's acute financial difficulties, after several years of operating losses and overseas debts now estimated at some \$4bn, are also thought to lie behind the new policy drawn up by the Public Works Minister, Mr Rodolfo Terragno.

Independent companies have long pressed to be allowed into

fields where YPF has failed to achieve optimum output rates. Of 289 fields operated by the corporation, 247 provided barely 12 per cent of its total output.

These "marginal" fields can now be operated by private oil companies in "associations" with YPF. In another key break with the past - when companies were obliged by law to sell every drop of their output to YPF - they will now have "free availability" of their share of production.

Oilman warn, however, that this is not completely clear yet.

YPF will not surrender title to fields covered by the proposed 20-year "association" accord. The plan includes several other benefits for YPF: private sector partners will pay it an "exploration right" and they, in turn, will carry all new investment risk and pay all provincial taxes, royalties and a profits tax. Industry calculations put this at a minimum 18 per cent "surcharge" on total oilfield revenue including the share to be held by YPF.

Industry reaction has been cautious. One overseas oil manager said the plan fell short of selling off YPF assets, as the Government has been urged. "In some cases, the intention seems to be to prop up the corporation," he said.

Despite a Senate win, the Proxmire bill may have only a 50-50 chance, says Janet Bush Tough time ahead for US banking reform

TIRELESS Congressional aides celebrated into the small hours after the resounding vote in the Senate late last Wednesday in favour of sweeping reform of the 1933 Glass-Steagall Act which would allow banks access to the business of securities houses and vice versa.

As glasses were raised to applaud what was a personal victory for Senator William Proxmire, the redoubtable chairman of the Senate Banking Committee who retires at the end of this Congress, thoughts were already turning to the battle which awaits in the House of Representatives.

The 94 to 3 vote in the Senate in favour of the Senate Banking Committee's Financial Modernisation Act was more conclusive than even the most optimistic supporters of reform had hoped.

Senator after senator stood up in the debate last Wednesday afternoon to express discomfort with some of the bill's provisions.

And, speech after speech, those doubts were buried in favour of a united stand around Senator Proxmire which would send a clear message to legislators in the House.

The Senate bill, which is expected to be re-named the Proxmire bill in honour of its main author, would give US commercial banks immediate authority to underwrite commercial paper, municipal revenue bonds, mortgage-backed securities and securities

backed by other assets. Six months after enactment of the legislation, banks would be allowed to underwrite mutual funds and corporate bonds. The power to underwrite corporate equities would depend on an expedited vote in Congress in 1991.

Even in the euphoria after the Senate vote, one Congressional aide still gave the bill only a 50-50 chance of eventually becoming law. Mr Don Crawford, Washington representative of the Securities Industry Association, the staunchest lobbyist for the securities industry, believes the Proxmire bill represents a high water mark for the banks for whom last Wednesday's vote was plainly a significant victory.

The focus now turns to the House where some of the stiffest opposition to greater powers for banks resides. Two powerful friends of the securities industry and defenders of their own committee turf will have considerable say in whether anything resembling the Proxmire bill gets on to the statute books.

They are Mr Ferdinand St Germain, chairman of the House Banking Committee, and Mr John Dingell, chairman of the Energy and Commerce Committee.

Mr St Germain's so-called "committee print" is, at this stage, the main rival to the Proxmire bill. It is far more restrictive, allowing banks only three



Sen William Proxmire: resounding victory

before Congress breaks up for the November election.

Since the St Germain proposals were published a fortnight ago, they have attracted widespread criticism, not least within the House Banking Committee itself. According to Congressional aides, support has steadily been building behind Representative Stephen Neal, Democratic caucus chairman on the committee, who may introduce substitute legislation modelled on the Proxmire bill.

No one yet knows quite how much support can be mustered by Mr Neal. As chairman of the committee, Mr St Germain has a great deal of muscle and can start calling in favours.

There is also a clear danger that, if anything as restrictive as the St Germain proposals looked to be gaining political ground, the powerful bank lobby could walk away.

The banks have won notable victories in the courts, aided by the support of the US Federal Reserve, allowing them increased access to the securities business.

If no legislation is passed, this quiet erosion is likely to continue without the establishment of a sound regulatory framework. The banks' view is that they would rather be given expanded powers by law than by default. Have thrown their weight behind the Senate bill and will now work hard to stop Mr St Germain in the House. But they can with-

draw their immense lobbying power at any stage, a threat which may keep the legislative momentum going.

There are a number of other factors which are positive for the Proxmire bill. Mindful of past difficulties in tabling proposals for reform of Glass-Steagall, it was drafted carefully to please as many of the powerful industry lobbies as possible.

It also has the support of the US Treasury which regards the Proxmire bill as the absolute minimum deregulation and the St Germain proposals as completely unacceptable.

No one in Washington is prepared to bet on any legislation being enacted this year. So many intangibles could come into play. While the securities industry has been trying to bury the stigma of its insider trading scandals, banks have had the upper hand in lobbying Congress. However, if the troubles with Texas banks begin to deepen, which many expect, the banks could find themselves losing the public relations battle.

In favour of legislation is a general desire among politicians to be seen to be active in election year. Perhaps as important a factor as anything is a measure of sentimentality at the end of Senator Proxmire's long political career. One of his strongest cards is the affection of colleagues who want to see him retire on a triumphant note.

Judge orders Bhopal payments

By K K Sharma in New Delhi

THE high court of Madhya Pradesh yesterday ordered Union Carbide to deposit 2.5m rupees (\$190m) with the Bhopal trial court within two months as payment of compensation to the victims of the 1984 gas leak disaster.

The ruling resulted from Union Carbide's appeal against an earlier ruling that it should pay \$2.5m in interim relief to the victims.

More than 2,000 died and more than 200,000 were injured by the gas leak from the Union Carbide pesticide plant in Bhopal in December, 1984 in the world's worst industrial disaster. Union Carbide has so far paid no compensation.

Union Carbide, a US-based multinational, had argued that a grant of interim relief could prejudice the outcome of the government suit. But Mr Justice Seth reduced the amount to be paid, and said: "The payment is not for interim relief, but as damages under the substantial law of tort" on the basis that more than a prima facie case had been made out by the Indian Government against Union Carbide.

This comment caused some confusion in Indian legal circles. It appeared to link the payment to the merits of the Indian government's \$2m lawsuit against Union Carbide, which is still pending, rather than the side issue of interim relief dealt with by the earlier hearing.

The judge said that any further delay in extending the appropriate relief would have grave and tragic consequences. Any delay in making the payment, the judge said, would leave it open to the Indian Government to execute the court order as if it were a decree passed in favour of the trial court.

Union Carbide said it would study the ruling before deciding whether to appeal to India's Supreme Court.

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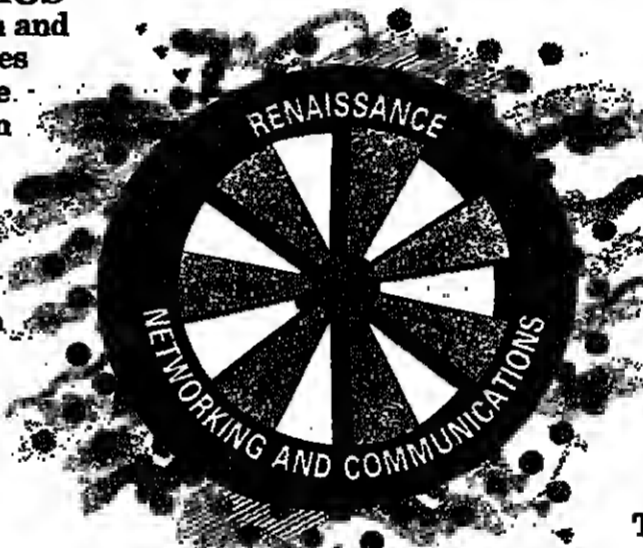
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OVERSEAS NEWS

Haig Simonian in Frankfurt talks to Hesse's doxy leader, Walter Wallmann Nuclear power champion ready for a fight

IT IS one year to the day that Mr Walter Wallmann, one of West Germany's most prominent younger Christian Democrat politicians, won control of the state of Hesse in a cliff-hanging vote which brought the CDU to power for the first time since the Second World War.

Off-the-ball incident threatens World Cup

By John Wyles in Rome

AFTER a perilous penalty area incident, the Rome city council appears to have just avoided scoring an own goal over the staging of the 1990 World Cup soccer finals.

time, might disagree. Others note the heavy debts built up as Mr Wallmann initiated developments like new museums and a slick rapid transit system.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 30th March 1988, and has issued to the Bank, additional amounts as indicated of each of the following Stocks:

Jobless tide rises in south Italy

BY JOHN WYLES IN ROME

STEADILY rising unemployment in southern Italy is highlighting the need for priority to be given to a better development strategy for the region by the coalition Government which Mr Ciriaco De Mita, the Christian Democrat leader, is trying to assemble.

Drugs search stepped up after big police swoop

BY JOHN WYLES

ITALIAN police will be stepping up their searches for heroin refiners in Sicily and Calabria this week after more than 100 arrests in the US and Italy of suspected Mafia members in an extensive and sophisticated international drugs trade.



TO HOLDERS OF DEBT SECURITIES OF TEXACO INC., TEXACO CAPITAL INC. AND TEXACO CAPITAL N.V.

Notice of Establishment of Special Record Date and Payment Date

The Second Amended Joint Plan of Reorganization (the "Plan") of Texaco Inc., Texaco Capital Inc. and Texaco Capital N.V. was confirmed by the United States Bankruptcy Court by order (the "Confirmation Order") dated March 23, 1988 (the "Confirmation Date").

As provided by Bankruptcy Rule 3021, the record date for registered debt instruments will be opening of business on the Effective Date of the Plan which is scheduled to be fifteen days after the Confirmation Date (currently, April 7, 1988). Subject to any stay of the Confirmation Order and satisfac-

tion of other conditions set forth in the Plan, payments will be made with respect to the debt issues listed below on the day after the Effective Date (currently April 8, 1988) or as soon as practicable thereafter.

Bearer coupons and matured debt securities should be presented to the Paying Agent or Trustee for payment. Payments of interest to registered holders will be made by check mailed one day after the Effective Date to the holder of record as of the opening of business on the Effective Date.

Table with columns: Name of Issue, Trustee/Fiscal Agent (See legend below), Amount Payable Per Issue. Lists issues for TEXACO INC. and TEXACO CAPITAL INC.

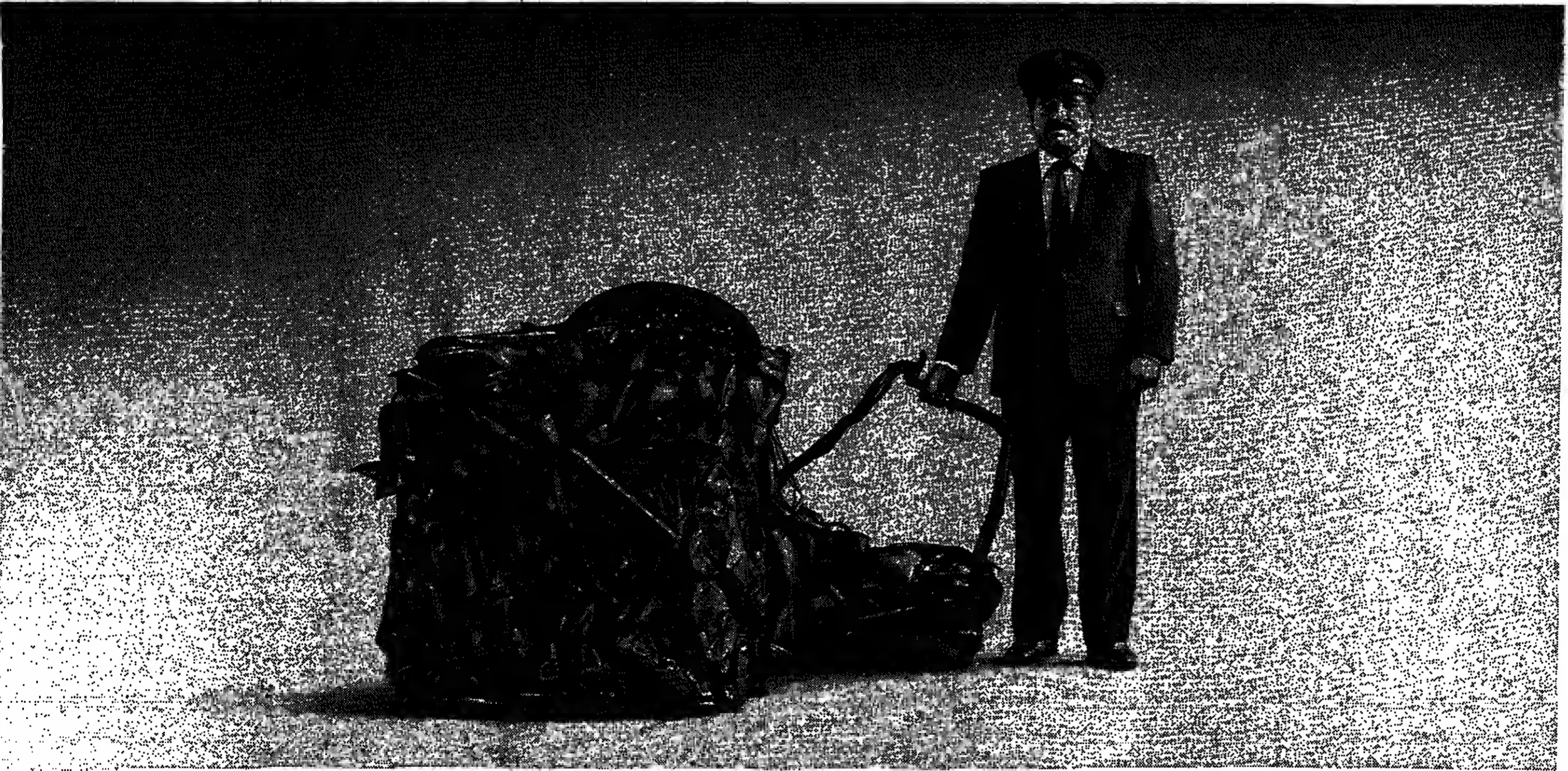
Table with columns: Name of Issue, Trustee/Fiscal Agent, Amount Payable Per Issue. Lists issues for TEXACO CAPITAL INC. (Continued) and TEXACO CAPITAL N.V.

Legend: MHTCO—Manufacturers Hanover Trust Company/Chase—The Chase Manhattan Bank, N.A./B of A—Bank of America National Trust and Savings Association/UBS—Union Bank of Switzerland/Irving—Irving Trust Company/Bankers Trust—Bankers Trust Company

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OVERSEAS NEWS

Hunt for Manila coup bid fugitive

BY RICHARD GOURLAY IN MANILA

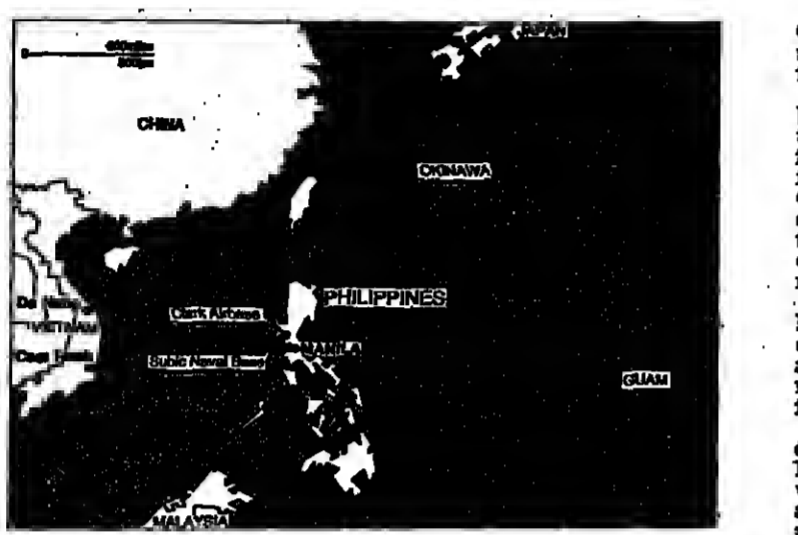
THE Philippines army widened its net of roadblocks around Manila yesterday in a desperate effort to recapture the leader of a coup that narrowly failed to topple President Corason Aquino last August.

Gregorio Honasan escaped from a poorly guarded prison at the weekend along with 14 of his "guards". The army said they had no idea where he was or how he and the guards were able to flee in rubber boats.

It also said six other officers involved in the coup attempt and an earlier one last January who "escaped" from military custody had in fact only left the camp to sort out "pressing family problems".

The future of the US bases in the Philippines may be in doubt, writes Richard Gourlay

THE American military bases in the Philippines lie heavily at the heart of relations since the Second World War between the US and its former colony.



The desire to retain its bases led successive US administrations to support President Ferdinand Marcos long after it became clear he was emptying the country's coffers.

As early as 1946 when the Philippines gained its independence, General Dwight D Eisenhower warned that the continued presence of bases would prevent the growth of a partnership between equals.

Today the complex post-colonial relationship is once again under the microscope as the two countries review the 41-year-old Military Bases Agreement.

They are launching a process that will shape the way the US military continues to exert influence into the 21st century in a region stretching from Guam in the Pacific to the Indian Ocean and the Gulf.

China Sea and the approaches to the so-called "choke points" for shipping - the Malacca, Sunda and Lombok Straits.

These straits allow the US 7th Fleet based in Subic Bay to move freely into the Indian Ocean and the Gulf. Subic increasingly plays a logistical support function for the US fleet in the Indian Ocean and recently in the Gulf.

Among four other small bases in the Philippines are the crucial San Miguel communications base which forms part of a global network sending low frequency messages to the US nuclear submarines fleet.

Opposition party backs deal with Mugabe

By Tony Hartman in Harare

A SPECIAL congress of Mr Robert Mugabe's opposition Zanu party in Zimbabwe has ratified last December's unity agreement with President Robert Mugabe's majority Zanu-PF party.

More than 5,000 delegates at the meeting in Harare at the weekend voted unanimously for the unity deal.

The Zanu congress will be followed by a similar meeting of Zanu-PF on Saturday. This will seal the unity pact and open the door to a unity congress of the two parties, signalling the setting up of a one-party state.

At the congress Mr Nkomo, now one of three senior ministers in President Mugabe's cabinet, summed what will become an increasingly familiar phrase when he said unity was essential because of the fight against South African apartheid.

Pace of growth in Turkey raises overheating fears

BY JIM BODGENER IN ANKARA

TURKEY'S economy grew by 7.4 per cent in terms of gross national product (GNP) in 1987, according to the State Institute of Statistics (SIS). The news comes at a worrying time for the government, faced with overheating in the economy and soaring inflation.

This third and final estimate by SIS is higher than the 6.8 per cent forecast in autumn and far higher than the 5 per cent originally targeted.

Growth was again spurred along by industry, reflecting its increasing predominance over agriculture since 1980. Industrial expansion, however, slowed to 9.7 per cent compared with 11.1 per cent the previous year.

The mid-boom in construction on the back of major infrastructure projects and the government-sponsored mass housing programme, which has stoked demand for consumer durables and raw materials, appears to be slowing.

Relations between Iraq and Turkey have chilled following Ankara's refusal to grant Baghdad further credit in 1988, writes Jim Bodgener in Ankara.

A trade protocol signed on Sunday during a visit to Baghdad by Turkish Prime Minister Mr Turgut Ozal has ended the use of letters of credit in trade between the two countries.

Outstanding Iraqi debts to Turkish creditors already total \$1.8bn. The protocol sets a ceiling on outstanding credit of \$1.15bn. Turkish businessmen fear that trade with Iraq could be halted this year.

Foreign exchange out of the banking system and exports. Even so, the government recently brought in three taxes on imports to fund education and health care, as well as a mandatory savings plan.

Table titled 'WORLD ECONOMIC INDICATORS' showing retail prices for various countries from Jan '88 to Jan '87, with percentage change over previous years.

Company Notices

NOVO
To the Shareholders of Novo Industri A/S
The Company will hold its Annual General Meeting on Tuesday April 26, 1988, at 4.30 pm at the Company's headquarters, Novo Allé, Bagsvaerd, Denmark

Notice to Bondholders of NIPPON KOGAKU K.K., U.S. \$60,000,000 4 per cent Convertible Bonds Due 1999

EUROPEAN INVESTMENT BANK
Notice to the Holders of
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Public Notices
SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY

Invitations For Proposals To Purchase Assets Of Massey Combines Corporation
Peat Marwick Limited, Receiver of Massey Combines Corporation, pursuant to an Order of The Honourable Mr. Justice Côté of The Supreme Court of Ontario, will consider written proposals to purchase the following assets:

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Michael DiCerna, "Inferno," acrylic on canvas, 1984. From the Refco Collection.

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FT LAW REPORTS

Digest of Hilary Term cases

FROM JANUARY 12 TO JANUARY 29

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Kleinwort Benson Ltd v Malaysian Mining Corporation Berhad
(FT, January 13)

Kleinwort undertook to fund MMC Metals Ltd, a subsidiary of the Malaysian Mining Corporation Berhad, provided that the latter furnished a letter of comfort. The letter referred to a 25th facility and stated: "It is our policy to ensure that the business of MMC Metals is at all times in a position to meet its liabilities to you under the above arrangements." By the time the market collapsed a facility of £10m, by agreement, had been drawn but Metals had gone into liquidation. In holding that the letter of comfort was a binding contract, the court stated that (a) Kleinwort clearly acted in reliance on it when agreeing to advance £5m and then £10m; (b) it was of paramount importance to Kleinwort that Malaysia should ensure that Metals was at all times in a position to meet its liabilities; (c) it had been treated as a matter of importance by Malaysia's directors who had passed a formal resolution authorising acceptance of the facility.

The Alaxion Hope
(FT, January 15)

In the instant case a ship was deliberately set on fire by the shipowners. The mortgagee, unable to claim from the hull underwriters, sought to recover under its mortgage interest policy. Clause 1 of that policy provided: "This policy has to pay if an occurrence... causes (a) total or constructive total loss... and after... average adjustment having been passed, the assured is unable to recover from the vessel's hull underwriters." In dismissing an appeal by the mortgage interest insurers against a decision that they were liable, the Court of Appeal stated that fire in a marine policy was not confined to accidental fire. It included, as a matter of construction, a fire started deliberately by a stranger to the insurance, as were the shipowners in the present case. Moreover, the adjustment was "passed" when (i) an average adjustment had been issued, and (ii) the hull underwriters declined to pay.

Re State of Norway's Application (No 2)
(FT, January 15)

In allowing an appeal by two witnesses, who had been ordered to give evidence in Norwegian proceedings concerning a claim against an estate there, the Court

of Appeal stated that jurisdiction under the Evidence (Proceedings in Other Jurisdictions) Act 1975 in respect of letters of request only arose if the English court was satisfied that the proceedings in the requesting court were either civil or commercial as civilian legal systems would understand those terms (section 9). The Norwegian proceedings were concerned with "matiere fiscale", and as such were not proceedings sufficient to found the basic jurisdiction. The proper construction of "proceedings in any civil or commercial matter" in section 9, which would produce uniformity in the Convention and in the Act, had to accord with a generally acceptable international interpretation of those terms.

Colonial Bank v European Grain and Shipping Ltd
(FT, January 15)

After the shipowners had assigned to the bank all earnings on their vessel, it was arrested by creditors. At the time of its arrest, the ship was chartered to charterers who had had to procure the on-shipment of the cargo, the costs of which exceeded the freight. In ascertaining the rights of the parties over the freight, the Court of Appeal stated that the shipowners' claim for freight had such a close link with the charterers' claim for non-performance, that the one could not properly be enforced without taking account of the other. Also, if the court had to ask itself what it should do to ensure fair dealing (see *The Novfri 1978* 1 QB 227, 274), the answer was that it would not have been fair, had the owners sued, to have allowed them to recover the freight without regard to the damage caused by their own wrongful repudiation. With regard to the position of the bank, the charterers would have had a valid defence by way of set-off if sued by the owners so that the bank's derivative claim had to fail.

The Jalumban
(FT, January 20)

The shipowners chartered The Jalumban to the charterers as disponent owners under a time charter. Clause 40 provided that "charterers or their agents are authorised to issue and sign bills of lading as presented... on the master's behalf." The vessel was then chartered to a third party on back-to-back terms. In allowing the shippers' appeal against an arbitral decision that

the owners were not bound by the fact that freight pre-paid bills of lading had been issued after the vessel had been withdrawn for non-payment of hire, the court stated that the shippers were in a position to establish an unbroken chain of authority on two alternative bases: (i) by virtue of clause 40 and (ii) the head charter contained a liberty to sub-charter so that the owners being bound by the bills of lading under which the cargo was loaded, were not entitled to say freight or quantum was over and above the sums pre-paid by the shippers.

Bank Mellat v GAA Development Construction Company
(FT, January 23)

In an arbitration, governed by the International Chamber of Commerce rules, concerning a force majeure clause, the majority of the arbitrators favoured the position of the defendants that the contract had become impossible to perform. After reconsideration at the behest of the ICC, which asked for strengthened motivation of two issues, the majority view was accepted. In refusing Bank Mellat's application that the award be set aside on the grounds of misconduct because the reasons had merely been elaborated on, not changed so that the chairman had considered that there was no need to rehearse, Steyn J stated that in the real world of international commercial arbitration, arbitrators often had to communicate with one another by telephone, telex or letter. A ruling that the chairman should have called a meeting months after the hearing would impose unrealistic, unworkable and time-wasting procedures on the arbitrators.

Naviera Mager SA v Societe Metallurgique de Normandie
(FT, January 26)

When the charterers presented bills of lading to the master, he signed them without qualification notwithstanding that the cargo of iron coils had already rusted. The shipowners sought reimbursement from the charterers after having settled the claim of the cargo's receivers. The Court of Appeal dismissed the shipowners' appeal against a decision of Stoughton J, who had upheld the arbitrators' decision that though it had been a breach of contract for the charterers to have tendered a clean bill of lading in respect of goods, not in apparent good order, the master's intervening negligence broke the

connection between that breach and the owners' loss.

Banque Keyser Ullman SA v Skandia (UK) Insurance Co Ltd
(FT, January 27)

In an agreed settlement of an action where the insured banks claimed against the insurance companies under policies arranged by Notcutt, one substantive issue was outstanding, namely the credit that the banks ought to have given for £10.5m paid by Notcutt under the settlement. The settlement's terms expressly provided that recovery against Notcutt would be in full and final settlement of the banks' claims "including claims for costs". Mr Justice Steyn stated that the credit to be given by a plaintiff in favour of one tortfeasor in respect of recovery from another tortfeasor could not be a matter for judicial discretion. The principle was that where a plaintiff, who had received payment from one of two tortfeasors, established an additional separate claim against him, the payment was allocated first to that claim, and credit had to be given in favour of the second tortfeasor only for the excess necessarily referable to the overlapping claim (see *CAV Tusseend 1994* 27 BLE 26 and *The Morgengry 1989* P 0).

Overseas Union Inc v AA Mutual International
(FT, January 28)

The issue in the present application for a stay of proceedings under s.1 of the Arbitration Act 1976 was whether claims for a collateral agreement and rectification of an insurance contract had to be referred to arbitration. The material words in the present contract were "all disputes and differences... in respect of this reinsurance." "Disputes or differences" meant disputed claims together with any wider meaning which might be derived from the use of "differences" as well as "disputes". The context was a reinsurance transaction partly recorded in writing. There was no indication that the parties intended the arbitrators to have no jurisdiction outside the written terms. Evans J stated, and there were good commercial reasons why they should have envisaged that all disputes concerning the transaction generally would come within the term "in respect of this reinsurance". This digest will continue on April 8, 12 and 13.

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INTERCONTINENTAL HOTELS

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Handwritten text in a box at the bottom of the page.

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Cadbury Schweppes

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Phillips & Drew launches venture capital fund

BY CHARLES BATCHELOR

PHILLIPS & DREW Development Capital today launches a £100m venture capital fund to invest in management buy-outs and in established companies looking for expansion capital.

This is the third large venture capital fund to be announced in the past week and comes just over two months after P&D Development Capital recruited three of Citicorp Venture Capital's leading executives.

Mr Ian Hawkins, a partner in P&D Development Capital, said the launch of The Philidrew Ventures Fund confirmed a revival in the venture capital market following the stock market crash in October.

Phillips & Drew was the first large UK stockbroker to launch a venture capital fund when it raised \$25m in early 1987.

The first fund has invested \$15m in 24 companies and expects to be fully invested when subscriptions for its second fund close later this year.

P&D made a 47 per cent annualised return on its first fund in the period to September 1987, it said.

Like the first fund, the Phil-

Michael Dixon looks at the Baker reforms that have divided MPs for more than 200 hours of debate

Education Bill heads for place in Westminster records

ONE OF the few things on which MPs of all parties agree is that the Government's Education Reform Bill will go down in history as a monumental achievement - in the parliamentary record books, at least.

When it completed its passage through the Commons last Monday, it had already taken up well over 200 hours of debate. With more to come in the Lords, the measure is virtually sure to become the most lengthily debated bill since 1945.

What judgment history will pass on its educational effects, however, continues to be hotly disputed.

Mr Kenneth Baker, Education Secretary, claims the legislation will be remembered as "a charter for better education." He pins that forecast particularly on the bill's provisions to loosen bureaucratic control over state schools by increasing the managerial powers of their individual head-teachers and governing bodies, for example, and allowing schools to opt out of local authority supervision and to be funded directly by central government.

His counterparts on the opposition benches have a different view of the direction that the change of control will take. They claim that the authority to be removed from local councils will end up firmly in the hands of history-makers with statistics of his own. During its Commons



Jack Straw: authoritarian and unworkable



Kenneth Baker: charter for better education



Paddy Ashdown: dangerous for future of our children

three changes from the original draft which could be considered important.

The first, in which Mr Baker bowed to pressure from the churches, will confirm religious education as a subject which must be taught to every pupil in state-maintained schools. But since how it is taught will be decided on a local basis, RE will not be included in the National Curriculum of seven or eight subjects - including English, mathematics, science, and technology - to be centrally imposed.

A second significant change will allow the schooling system more flexibility than had first been stipulated in the teaching of children with handicaps and behavioural problems, and provide them with certain entitlements. For example, they will be safeguarded against being refused admission by schools which opt out of local authority control.

The remaining important change is a concession to the universities. Although they will still have to make bids for their state funds to a new council, with power to cut the income of those which do not deliver value for money, the bill now bars the Education Secretary from intervening in the detailed financing of individual universities and the day-to-day running of their affairs.

The universities are likely to

be granted another concession during the bill's passage through the Lords. Since their academic staff will in future be liable to dismissal for inefficiency in their jobs, the institutions want the bill to protect them from being fired for holding politically or otherwise unpopular views.

While Mr Baker has repeatedly emphasised the difficulty of defining such a safeguard in legal terms, he stated last week that he felt sure a way could be found. Even so, he said it seemed paradoxical that universities set on stopping him from interfering in their affairs should want him to step in to prevent academics from seeking one another for their views.

He also promised that the bill would not enable him or future Education Secretaries to impose a national curriculum entirely of their own making on the schools. "Only after the most thorough statutory consultation, centring upon the National Curriculum Council and after the House has approved them, will the new arrangements be introduced."

Some teachers are already interpreting those words as a sign that he will be willing to relax his previous insistence that the national curriculum should take up at least 70 per cent of school time. But whether that interpretation is perceptive or merely wishful thinking, only time will tell.

Olivetti to create 200 mini-computer jobs

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

THE BRITISH subsidiary of Olivetti, the Italian office systems company, aims to hire 200 employees this year for its drive into the mini-computer business market.

Olivetti's move into the mini-computer sector, launched late last year, takes it for the first time into a head-on battle with International Business Machines and Digital Equipment, the two American companies which are the established leaders in departmental business computing.

Until now Olivetti has concentrated on less powerful personal computers which can be sold without the elaborate marketing networks run by larger groups.

Because of the investment in retraining to cope with expansion, Olivetti UK registered a loss last year despite a 15 per cent increase in turnover to £137m. The company is planning for only a modest profit this year. It will still be spending heavily on increasing resources to cope with further sales expansion to around £160m.

Mr Paolo Tosi, managing director of the British subsidiary, said Olivetti was deliberately allowing its margins in Britain to decline because its main aim was to grow. He said the company wanted to establish an adequate base in the market for departmental

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No wonder Pan Am's number one.

Reed opens first paper machine for 30 years

BY MAGGIE URRY

REED INTERNATIONAL has opened a paper machine for the first time in 30 years, at its Aylesford Mill near Maidstone, Kent. Such an event is still rare in the UK and last week's opening ceremony was attended by paper makers from all over Britain.

For many years, news from paper mills has been of machine closures, as the UK paper industry declined and only the most efficient, modern machines were profitable.

The Aylesford site, where Reed first started as a company in 1958, once housed 13 machines making a wide variety of paper. At its peak, it was the largest of its kind in Western Europe and produced 300,000 tonnes a year.

The new paper machine, called PM 6 as it stands on the site of the old number six machine, is one of only three. Numbers 2 and 6 make paper for corrugated cases (cardboard boxes to the layman), while PM 13 makes news-

print. The mill uses waste paper as its raw material.

Sir Jonathan Bam, chairman of Reed's European Paper Group, says the £10m cost of building PM 6 would have been far higher had not much of the infrastructure already been in place.

The machine house was a relatively modern, two-storey building. It had the foundations from the old PM 6 machine which had been 6.3m wide, a good size even by modern standards, and, says Sir Jonathan, "we had an awful lot of the cast iron, the low technology parts salvaged from old machines."

He estimates that, building from scratch on a greenfield site, the machine would have cost £20m or £30m. As it is, he forecasts a payback period of a little over five years from the time the project was approved in May 1986. He reckons to reach that point within the remaining three-and-a-half years.

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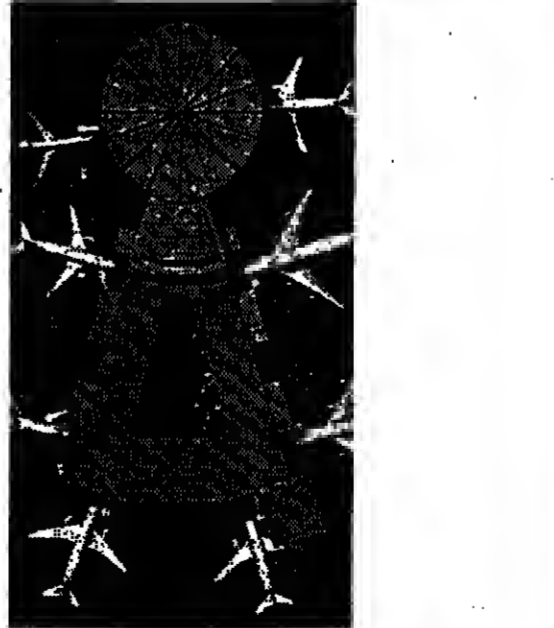
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UK NEWS

Power sell-off 'could threaten fast reactor plan'

BY DAVID FISHLICK, SCIENCE EDITOR
BRITAIN'S £100m-a-year fast reactor programme could be a casualty of privatisation plans for the electricity supply industry.
Executives at the Central Electricity Generating Board say privately that the programme no longer has a high priority in the board's long-term thinking...



Labour's plans for election opposed

By Peter Riddell, Political Editor
PROPOSALS to increase the involvement of rank-and-file Labour members in the party's election strategy are being opposed by a group of senior party officials...

David Thomas on a report outlining the obstacles to increasing local content Japanese criticise British component suppliers

EUROPEAN manufacturers in industries subject to the full whirlwind of Japanese competition have long seen the steadily growing ranks of Japanese plants in Europe as a Trojan horse...

Table: DEMAND BY JAPANESE COMPANIES IN UK FOR COMPONENTS. Columns: Category, Demand (000's), EC content (000's), % (200's), UK content (000's), % (200's). Rows include Tubes, Integrated circuits, Discrete semiconductors, etc.

were the main barrier to more component sales. These included:
Quality. The quality of UK components was generally lower than in Japan. Quality improvement programmes 'needed to be somewhat superficial and not effectively implemented down to shop floor level.'

Midlands industrial property 'recovering'

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT
THE WEST MIDLANDS is on the brink of a significant recovery in its industrial property market triggered by an upsurge in investment by London developers...

Seeking millions from acid rain battle

BY MAURICE SAMUELSON
A LITTLE-KNOWN company controlled by British businessmen hopes to earn tens of millions of pounds from Continental Europe's accelerating drive against pollution from acid rain...

Budget insurance windfall

BY ERIC SHORT
INVESTORS with Royal London Mutual Insurance Society, the home service insurance company based in Colchester, Essex, will receive a windfall on maturing with-profits policies...

Audi VW plans parts warehouse

THE IMPORTER, owned by Mr Tiny Rowland's Lomax group, expects the facility on a nine-acre site at Wymouth, to be opened in the summer of 1988...

Alfa sales 'will double to 4,000 units'

ALFA ROMEO car sales in the UK will double this year, to more than 4,000 units, according to Mr Peter Kinnaird, the new managing director of Alfa Romeo (Great Britain)...

Building societies 'making deep inroads into banking'

BUILDING SOCIETIES have made deep inroads into services traditionally carried out by banks, according to a survey in the current issue of the Building Societies Gazette...

Morgan Grenfell stays top

MORGAN GRENFELL just managed to hold on in the first quarter of 1988 to its long-time position as the leading financial adviser in UK takeover bids...

Pipeline work starts

BRITISH PETROLEUM is due to start work today on a £20m pipeline across the New Forest from its Wytch Farm offshore oilfield in Dorset to a coast...

Advertisement for NEC Computers and Communications. Text: FROM APRIL 5 NEC PROMISE YOU LESS WORDS AND EVEN MORE ACTION. Includes logo and contact information for NEC (UK) Ltd.

UK NEWS

Rolls-Royce says use of ceramics is set to take off

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT THE WORLD MARKET for advanced composite materials using ceramics could be worth \$500m a year by the end of this century, rising to about \$2bn a year by 2010, according to Rolls-Royce.

Courtaulds reorganises film and packaging

By Anthony Moreton COURTAULDS has reorganised its film and packaging interests as part of a move over the next 18 months to use its name on all companies in the group, one of the largest chemicals-to-clothing concerns in the world.

David Blackwell continues the series on investor protection with a report on the AFBD Futures brokers clear their last big obstacle

THE ASSOCIATION of Futures Brokers and Dealers recently cleared the last big hurdle on the road to the A-Day deadline for applications when it agreed capital adequacy rules with the Securities and Investments Board.

Bond dealers' association gains designated stock exchange status

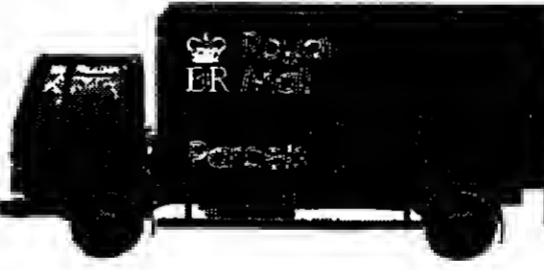
THE ASSOCIATION of International Bond Dealers, which groups firms trading in the Eurobond market, has received confirmation that it will be viewed on a par with overseas stock exchanges as the new regulatory structure for the British securities industry is put in place.

APPOINTMENTS Heron Trading posts

HERON TRADING CORPORATION, UK trading arm of Heron International, has made the following appointments to its board: Mr Michael Marx, a Heron International director (deputy chairman), Mr Keith Lewis-Baker, managing director of Heron Service Stations, Mr Richard Morris, managing director of Heron-Freight, Mr Alan Fell, director of human resources, and Mr Peter Court, deputy director of financial operations.

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ARTS

Architecture/Colin Amery

Blueprints from Turner

"Consider the pleasure of being your own architect," wrote J.M.W. Turner to his friend James Holworthy about one of the three building projects that occupied much of his time. It is clear from Turner's paintings that he did not simply record architecture but placed it in its context of light and landscape.

Disappointment for Stirling who had produced an intriguing design. Looking at the Turner exhibition prompts all sorts of architectural thoughts, but they should not distract the appreciation of the frequently brilliant quality of the watercolours.

It is worth looking first of all at the sketches and plans of Turner's own buildings. In 1811 Turner left his house in Hammer-smith for Stan Ferry House at Isleworth and it was from here that he supervised the building of his own house on land he had bought at Twickenham. He first called this house Solus Lodge because of his intense need for solitude but later the name was changed to Sandycroft Lodge.

The friendship between Soane and Turner must have led to intense discussions about the display of paintings, particularly as Soane's Dulwich Picture Gallery had opened in 1811. Turner's view of painting and architecture shows that he felt it difficult to display pictures in sympathetic surroundings. Writing to a fellow artist, he said "painting can never show her nose in company with architecture but to have it snubbed."



Turner's London Bridge, with the Monument and the Church of St Magnus, King and Martyr

shows an alternative approach to the idea of grandeur observed by Turner in a delicate sketch. The effect of Venice upon Turner is well known and his lighting effects rub off on some of his English views. Look at the glories of the street view of Merion, Oxford.

often painted as the equivalent of the postcard for the Grand Tour. The Tate show should not be missed by anyone interested in both architecture and painting. Do not confine yourself to the watercolour room because it is when you look at paintings in Gallery 104 like the "Forum Romanum" that the true fruits of Turner's architectural vision can be seen at their most sublime.

The Story of Kufur Shamma

Clare Dalziel

The Almeida has hit back swiftly at the charge of its funding body, Greater London Arts, that the theatre fails to cater to the tastes of Kingston's minority groups by staging a play about the most newsworthy of minority groups, the Palestinians. The Palestinian company, El-Hakawati, is presenting 'The Story of Kufur Shamma' until April 16.



Jackie Lubeck and Iman Aoun in a story about a fictitious Palestinian village destroyed in 1948

The Dark at the Top of the Stairs/Derby

B A Young

William Inge conceded that this play, given a welcome production at the Derby Playhouse, was mostly a waste of time. It is unlikely that his early life in rural Oklahoma arranged itself so dramatically.

entirely under their mother's influence, and she spoils them disastrously. Teenage Reenie (Terena McElroy), dividing her life between the piano and the library, has become a swamp of self-pity. Her brother Sonny, about 10 (Stephen Clements on the night I was there, and very good indeed) is selfish and bad-tempered, and still climbs into his mother's bed if his father is away.

never heard of a suicide that was expected," and, later a suicide himself, he may be allowed inside feelings. Reenie and Sonny, deprived of the first proper relationships they had known, stop fighting and go to a movie together on the 85 Sonny has won for a recitation. And Rubin returns home with an apology and reports that he has lost his job and is going after another at Tulsa.

The midwestern home life is familiar from movies and television, and Inge has peopled it with convincing characters and affecting emotions, though sometimes he uses a little too much conversation across the table to make them clear. The company, directed by Annie Caselaine, is admirable.

Mahler/Festival Hall

Andrew Clements

The BBC Symphony Orchestra chose to end its current South Bank season on Sunday, April 3, with a Mahler. The conductor, John Pritchard, conducted Mahler's Second Symphony, the Resurrection. It is difficult to avoid making a special event out of a performance of this work, but despite the added resonance that Easter Day gave to it, this one often steered close to the mundane.

phlegmatic and uninvolved, and never remotely the harbinger of any kind of apocalyptic experience. Many of the transitions in the first movement were deftly managed; every element was fitted into place with great skill. But the scherzo was characterised by its instrumental efficiency rather than any sense of spectral parody. The finale, however, was the troubling aspect of this Resurrection Symphony; its willingness to recollect the work's expressive world in a contained tranquillity rather than to tackle its ambiguities head on.

London Philharmonic/Festival Hall

Richard Falkman

Contrary to the impression given by most concert programmes, there is life in the Russian symphony beyond Chalkovsky. The challenge of pouring traditional Russian folk themes into a Western classical mould and then forging from them a nationalistic symphony was one taken up by a number of other leading composers of the time, including Glazunov, who was arguably the most determined classicist of them all.

than Chalkovsky's Fourth or Fifth yet again. And for that we have to thank Järvi, who has been a tireless champion of the composer's music with a complete recorded cycle of the symphonies to his credit. The latest orchestral record that one associates with his days at the SNO was largely reconstructed here (LPO brass forward and raucous) and the performance of the symphony generated no less excitement than Rimsky-Korsakov's

Capriccio Espagnol, a more obvious showpiece, had earlier. It was to have been a fully Russian evening. Unfortunately the loss of Ashkenazy due to illness brought us not only a change of pianist but also a change of programme. Rudin Laguna stopped to play Beethoven's Esperanza Concerto, as fluid and graceful in style as one might expect, but not really the centrepiece that this breath, technical concert required.

What his account consistently lacked, however, was a dimension of intensity. There is no single path to success in this symphony, though the poles of credible interpretation are probably defined by the nerve and incisiveness of a Solti at one extreme and the massive certainty of a Klempner at the other. But what does not work, as Pritchard underlined, is to allow the symphony to play itself.

Pavarotti & Freni in San Francisco Bohème

Luciano Pavarotti and Mirella Freni will sing seven performances of La Bohème during the San Francisco Opera's 1988 season (November, December 1988). The production replaces the previously announced double bill of Fucini.

Margaret Price recital

The Welsh soprano Margaret Price will give a recital at Covent Garden on April 5 consisting of songs by Haydn and Beethoven, followed by Schumann's song cycle Frauenliebe und Leben. She will be accompanied at the piano by Graham Johnson.

Arts Guide April 1-7

Opera and Ballet LONDON Royal Opera (Covent Garden), Peter Gelman, Covent Garden as producer of the eagerly awaited new Salomé, conducted by Christoph von Dohnányi, with Maria Swings in the title role and Robert Hale as John the Baptist. Final performance of Un Ballo in Maschera conducted by Richard Armstrong with Anna Tomowa-Sliowa, Peter Dvornyk, and Piero Cappuccino.

Travelling on Business? Enjoy reading your complimentary copy of the Financial Times when you're staying... in Milano at the Diana Majestic, Duca di Milano, Hotel Excelsior Gallia, Hilton Hotel, Hotel Michelangelo, Hotel Palace, Hotel Principe di Savoia.

What put the Sir in Sir Walter Scott? It has been commonly assumed that Sir Walter Scott was given his knighthood for services to literature. However, there is a school of thought which is puzzled by his constant publicising and praising of The Glenlivet single malt whisky. It is mentioned frequently in his writings. This whisky was also the Monarch of that time's favourite tipple. It was said "he would drink nothing else". Is there a connection between these two facts and his knighthood? I believe we should be told. The Glenlivet 12 years old single malt whisky.

PARIS Z Merveuse Douan (Salle Favart, Opera Comique), James Depina Depina, cravaty's obsessive memories from the prisoners' pathetic universe in Siberia. It is conducted by Sir Charles Mackerras/John Burdick in a production by the film-maker Volker Schlöndorff. (47 42 83 712) Antonia (TNP-Chatelet), After a Tchekow Novella, in Vladimir Vassiliev choreography danced by Vladimir Vassiliev, Anastasia Mavrouza and dancers from Moscow's Bolshoi. (42 33 44 44).

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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Tuesday April 5 1988

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INTERNATIONAL BONDS

Billion dollar question looms after a spell of bright weather

"AT THE end of last year the market was fearing a nuclear winter; what happened was an Indian spring," said one syndicate manager last week, looking back on a surprisingly clement first quarter in the Eurobond market.

The stabilisation of the dollar apparently gave the lie to the doomsters who had seen last October's stock market crash as the last body-blow to Eurobond firms: the purely fixed interest side of their business had long sickened and now their profitable equity-related business was being taken away from them.

But instead January and February found new issues desks busily launching fixed-rate Euro-dollar bonds for sale to investors suddenly anxious to fill the vacuum in the dollar-denominated parts of their portfolios. It was just like the good old days.

Or was it? The billion dollar question hanging over the market is whether the US currency will plummet now that the start of a new fiscal year in Japan has removed the need to support it for accounting reasons. If, as some fear, the dollar hits \$110, then in the Eurodollar sector at

least it might as well rain until September.

Already by the end of March, the early days of the year when Merrill Lynch Capital Markets felt confident enough of investor demand to launch a \$350m 10-year bond for Sweden seemed a long time ago.

Last week saw the reappearance of the two-year Eurobond - a \$100m deal for Toronto-Dominion Bank. So short-dated an instrument designed to appeal to investors retreating down the yield curve for defensive purposes, was unknown to the market during its great bull phase.

Moreover, it is unlikely that even the comparatively brisk business of the first three months of this year generated enough profits for Eurobond departments, which notoriously accumulated vast overheads over the last few years, to pay their way.

As one old syndicate desk hand remarked last week: "Personally, I have never been able to see how you could make any money out of the Eurobond market per se." The rot set in a long time ago - once investors woke up to the fact that there was no reason for them to buy a bond at par if it

was trading at three full points below that in the grey market.

After that, houses involved in new issues business, by and large, had to attempt to make up on the related swap, and other services that could be provided to the borrower, the money that had been lost in launching the bond.

This year, however, there has been much talk of a "new realism" in the approach to pricing bonds. Eurobond houses have been careful to match new issues to investor demand, both in terms of pricing of individual deals and of volume, syndicate managers insist.

Houses such as Salomon Brothers International and Goldman Sachs have hardly lead-managed a single bond while no house, these days, would admit to accepting a co-management position purely for relationship reasons.

Just one deal has blatantly harked back to the days when Eurobond houses would offer borrowers almost any terms just to obtain a mandate. This was a \$250m deal for General Electric Corporation led by LTCB International in February.

However, the placement that

TOP TEN EUROBOND LEAD MANAGERS

Manager	\$bn	%	Issues
Deutsche	4.89	10.7	32
Nomura	3.83	8.7	30
CSFB	3.30	7.5	20
Daiwa	3.21	7.3	30
UBS	2.01	4.6	15
Merrill	1.98	4.5	10
Warburg	1.89	4.3	9
Yamachi	1.58	3.6	12
J.P.Morgan	1.53	3.5	11
BT	1.36	3.1	12
Industry	45.80		370

Full credit to bookrunner
Source: Euromoney

has been achieved on other issues may have been more talked about than real. Union Bank of Switzerland (Securities), for instance, is said to have withheld the full amount of underwriting fees from co-managers of at least one recent bond. A house may choose to do so if it loses enough money on supporting an issue by buying it back in the grey market.

These issues may have been unusually badly priced, but nevertheless it makes one wonder how many other bonds that have

Eurobond new issue volume picked up substantially in the first quarter of 1988 from the depressed levels of late last year, though the \$44bn total was below the \$49bn in the 1987 first quarter. Deutsche Bank, Union Bank of Switzerland, Merrill Lynch, S.G. Warburg and Bankers Trust all improved their 1987 rankings as a whole. Nikko Securities, Morgan Stanley and Salomon Brothers slipped sharply. The performances reflected some large Eurodollar issues for sovereign borrowers.

domestic securities from next year is one factor often underpinning Continental involvement.

Retail European buyers have reportedly been steady buyers of bonds in the higher-yielding currencies, such as Canadian dollars and sterling. But this does not necessarily mean that houses with wide retail outlets are enjoying fat profits. Indeed, they complain their margins are being squeezed as more and more competitors chase a finite number of retail accounts.

The key element which has been missing is large-scale Japanese involvement. This has been indicated by the fact that the Japanese securities houses have launched very few straight fixed rate bonds, mainly confining themselves to the bread-and-butter business of launching equity warrants bonds for Japanese borrowers.

Even if the majority of bonds launched so far this year have proved palatable to investors, the market has still had to wrestle with the problem that most borrowers' target cost of funds has not been compatible with the pricing levels sought by investors.

been wanted as well-priced and well-placed have in reality ended up on underwriters' books.

Certainly, a great many of the Eurodollar deals issued while the dollar was on the rise at the beginning of the year are believed to have passed to Middle Eastern trading accounts, which quickly sold bonds back into the market after taking a small turn.

It seems clear, however, that Continental interest in Eurobonds has picked up. The expectation that withholding tax will be imposed on West German

instead of effectively subsidising the bond issue they often written a cheque on the underlying swap.

A further problem that the market faces going into the second quarter is that it is getting short of borrowers. Most of the sovereign borrowers who want to launch the kind of sizeable, liquid, high quality deals that investors like tapped the market during the first two months.

For most US corporates the cost of borrowing in Europe is still not competitive with terms available in the US domestic bond market. Only those companies with borrowing needs so great that they cannot afford to stand aside from the Eurobond market, such as General Motors Acceptance Corporation, have been borrowing in size.

The Eurobond market may have emerged from the last year or so a far leaner, fitter and cautious participant than it used to be. But participants agree that overheads built up over the last few years are still too high for the amount of business there is to go round.

Eridania shows small advance to L43bn

By Alan Friedman in Milan

ERIDANIA SpA, the Ferruzzi group's holding vehicle for its sugar and other agro-industrial interests, reported a nearly unchanged net profit for 1987 of L43.3bn (€35m) against L42.5bn in 1986. The parent company's turnover was L790.1bn, up slightly on L766.7bn.

The figures do not include results from Beghin-Say, the French sugar group which is 53 per cent owned by Eridania.

Eridania said that taking into consideration all of its agro-industrial holdings on an aggregate group basis it expects to achieve 1988 turnover of L850bn.

This is nearly three times the 1986 level because of acquisitions made in 1987, including the European corn starch operations of CPC, the Lesieur foods group in France, Central Soya, the US soybean concern, and others.

The Ferruzzi group, including its agro-industrial interests, is expected to have a 1988 total turnover of around L14,000bn.

Stia SpA, the defence and specialised engineering company controlled by the Fiat group, has reported a sharp fall in consolidated net profits in 1987, writes John Wyles in Rome.

With turnover virtually static at L2,431bn, net profits fell from L68bn in 1986 to L30.5bn last year. Operating profits fell slightly from L182.8bn to L181.1bn.

The company says that the year was a poor one for its defence and space equipment activities, but fibres, chemical and bio-engineering all registered an increase in operating profits.

Net debt fell 26 per cent to L406.8bn with the result that debt repayments fell from 4.2 to 2.8 per cent of turnover.

EUROCREDITS

Doing nothing to overcome a wall of market scepticism

THE DOLLAR'S instability through much of last week was sufficient to scare off international investors from most US dollar-denominated securities.

For the emerging market in Euro medium-term notes, with estimated outstanding of \$3.6bn, it was time "to educate investors about the advantages of the market" - the market euphemism for Nothing Doing.

Indeed, dealers who daily have to cope with the task of selling these notes admit there is still a wall of investor scepticism to overcome before the market - where notes of longer than one year in maturity are offered on a continuous basis - can take off as it has in the US.

Despite the flexibility in

choosing amounts and exact maturities that MTNs are said to offer to investors, they remain doubtful about their ability to sell the notes back, once bought, and about the longevity of the market.

Dealing firms are stressing their commitment to MTNs, describing the market as *An Idea Whose Time Has Come*.

Citicorp Investment Bank, for example, is emphasising the product in a reorganisation of senior management of its London securities division. Mr Len Harwood, formerly responsible for Eurocommercial paper operations, is now in charge of all securities distribution at the operation. Mr Brian Woolley, one-time head of loan syndication

in London, will head product management and development, and Mr Willie Simon heads product origination and relations with issuers.

"We believe Euro-MTNs will take a growing share of business from the Eurobond market," Mr Harwood said. One of its stated aims is to build on its leading position in the Eurocommercial paper market to increase market share in the emerging market in Euro-MTNs.

Citicorp has never been strong in the distribution of Eurobonds, so such a view is predictable. Yet the move does illustrate a divergence of opinion about how the market should be viewed by dealers, which may have contributed to its slow growth.

Clearly, most regard it as long-term commercial paper, but there is a minority view which suggests this is the wrong approach.

If investors worry about the liquidity of the MTNs, does it make sense for money market teams - with no secondary market experience and contact only with investors with a short maturity horizon - to be distributing these securities, as they do at most banks?

The suggestion is that it would be better for MTNs to be distributed by bond teams which have regular contact with longer-term investors and are used to making secondary markets.

Such an approach is being taken by Salomon Brothers, for

EUROMARKET TURNOVER (\$bn)

Primary Market	Straites	Com	FRN	Other
US\$	3,250.9	0.0	2,518.2	6,998.6
DM	3,954.6	1.8	5.1	7,771.1
Other	2,225.5	348.5	414.3	453.8
Pre	3,381.9	105.3	295.9	646.3

Secondary Market	US\$	DM	FRN	Total
US\$	19,871.3	1,513.8	6,907.1	28,292.2
DM	16,981.8	1,415.6	6,672.9	25,070.3
Other	21,701.5	971.0	5,894.6	28,567.1
Pre	18,467.1	709.7	3,787.8	22,964.6

Week to March 31, 1988. Source: AIBD

The most fashionable school, now espoused by Citicorp and all those other firms recently converted to "functional management," would say the point is irrelevant, reminiscent of discussions at a greengrocer's shop about a tomato's status as a fruit or vegetable. If an investor wants a three-year piece of paper, what does he care whether it's a Eurobond or an MTN?

In the syndicated loans market, JP Morgan headed the first quarter lead managers' table compiled by Euromoney, arranging \$16.76bn in financings. Bankers Trust was second with \$12.58bn and Citicorp third with \$9.29bn.

Last week, a \$640m six-month bridge financing for Elders IXL of Australia, the Australian brewer,

was signed. The loan, led by Citicorp and provided by it and seven other banks, represents the remaining portion of finance for its takeover of Courage, the UK brewer.

At the other end of the bridge is likely to be a medium-term syndicated financing, possibly off balance sheet and possibly secured to the Courage pubs.

In sterling commercial paper, Midland Montagu Commercial Paper arranged a \$75m programme for Laura Ashley, the UK clothing and furnishings group, with Barclays de Zoete Wedd and Kleinwort Benson also acting as dealers. There is a US dollar option.

Stephen Fidler

NEW ISSUE: This announcement appears as a matter of record only. MARCH 1988

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March 1988
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INTERNATIONAL CAPITAL MARKETS

UK GILTS

Doubts persist on exchange policy

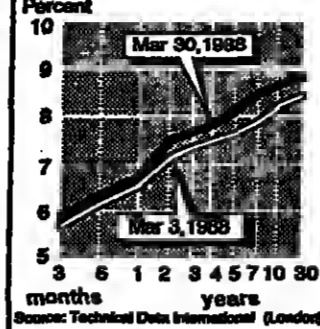
FOR NEARLY two hours last week Mr Nigel Lawson, the Chancellor, was grilled by MPs on his exchange rate and monetary policy. It has been hard to divine what government policy is on the exchange rate since the Bank of England un-capped sterling three weeks ago. It is easier now to do so.

US MONEY AND CREDIT

Economic recovery sends bonds reeling

LAST FRIDAY was hardly a relaxing holiday for US bond investors and dealers. Frustrated by the market's day off, they had to absorb the latest evidence of brisk economic activity without a chance to work off their anxieties with a burst of trading.

US Treasury yields



US investors unscrambled by the dollar have earned a reasonable return on their domestic bonds over the past quarter, although virtually all the gain was in January.

Merrill takes top spot from Salomon

MERRILL LYNCH Capital Markets elbowed past Salomon Brothers and First Boston to become Wall Street's leading underwriter of corporate equity and debt issues in the 1987 first quarter, writes Roderick Oram.

The decision was confirmed by the Fed's policy making open market committee in early February. But the subsequent pick up in economic activity and weakness of the dollar had fundamentally changed the outlook.

Foreign investment portfolios. With the dollar falling apart again, it is debatable whether they will want to start off the new year digging another big foreign exchange hole for themselves.

Table of US Money Market Rates (%) with columns for 1 week, 2 week, 1 month, and 3 month yields.

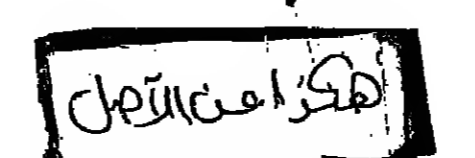
Table of US Bond Prices and Yields (%) with columns for 1 week and 3 month yields.

FT/IBD INTERNATIONAL BOND SERVICE

Large table listing international bond service offerings, including issuer names, bond types, and financial details.

Rabobank Nederland advertisement. Includes logo, name in multiple languages, and a list of partner banks.

SBCI Swiss Bank Corporation advertisement with logo.



UK COMPANY NEWS

Crescent board sees the fight ahead as test case

By Nikki Tait

THE BATTLE over Crescent Japan, the £118m investment trust managed by Edinburgh Fund Managers, will hot up today as the board sets April 22 as the date for the long-awaited extraordinary meeting and posts a hard-hitting defence circular to shareholders arguing the case against unitisation.

Recent corporate transactions in the investment trust sector, the proposals to unitise Crescent Japan are not set against a background of criticism of a poorly-performing trust, inadequate management or a flawed investment policy.

"The board wishes to draw to the attention of larger shareholders in particular, to the 'short-term' policy exemplified in the US concert party's proposals.

"We believe such a short-term strategy is undesirable and does nothing to assist the most efficient use of long term capital.

made prudent use of gearing in the past and intends to do so again in the future when appropriate," it says. "The benefits of gearing are not available to unit trusts."

The battle over Crescent looks set to be a fierce one. The concert party's advisers, O'Hiff and Partners, have already been critical of the decision by the trust's managers to raise their annual management fees to 0.75 per cent in January.

"This, argues O'Hiff, smacks of a 'poison pill' - a major £1.5m raising with the Takeover Panel. The concert party is also likely to criticise the trust's more recent management record.

Board changes planned for A&M

By Philip Coggan

A & M, a USM-quoted company which specialises in hiring antique furniture to television and film companies, is set to reveal substantial losses for 1987.

Although the core activities furniture hire and BREE, a film set designer and constructor - were trading profitably, other group businesses will require substantial exceptional write-offs.

New management is being brought into A & M with the backing of private corporate finance company, City and Westminster Financial, which is being given options on more than 15 per cent of the equity.

Mr Bryan Film, formerly of Sangera Group, is being brought in as chairman and Mr Anthony Phillips, a former director of British Home Stores, is joining the board.

Two directors, Graham Farquhar and Mr Colin Millward, have resigned.

Ian Hamilton Fazey on the sustained growth at Spring Ram

Quality and service clean up

CAN Spring Ram keep it up? The bathrooms, kitchens and home improvements group based in Sowerby Bridge, west Yorkshire, has shown continuous annual profits growth of 50 per cent since its start-up on New Year's Day in 1980.

The record, sustained through its flotation on the USM in 1983 and on to a full listing in 1985, seems almost too good to be true. Yet its latest results, published two weeks ago, revealed 1987 pre-tax profits at £10.7m, compared with £7m the year before.

Even as the results were being published the company was pushing to get its new kitchen factory in Scarborough ready for Easter. It will double capacity, widen the range and, by using the latest labour-saving 'wood engineering' technology, probably improve already high levels of productivity by about half.

The Asterite plant will free space where the sinks are now made, and Ram Bathrooms will expand into it, increasing its output 30 per cent. Plans are also advanced to expand a new vitreous china sanitaryware factory by a third.

As the expansion suggests, Spring Ram has become one of the great successes of the fragmented UK furniture sector, thanks to its large scale, efficient production on greenfield sites, keen pricing, and clever product marketing.

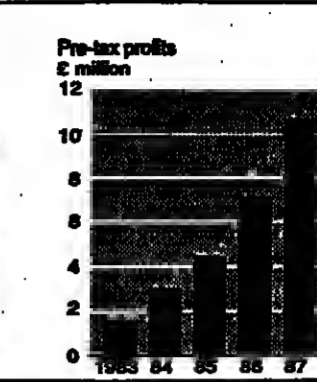
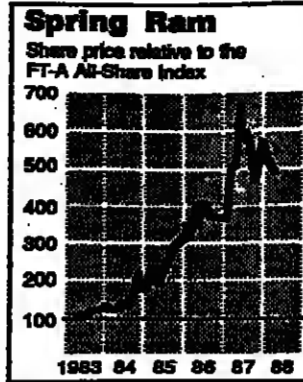
"The products have to be good enough for us to give guarantees of up to 20 years for some of them. It's quality, quality, quality, followed by a deliberate attempt to provide the best service in the industry. In other words, it's really very boring and unglamorous. There's nothing magic about it at all."

Whatever the reason, Spring Ram's market share is growing continuously, and Mr Rooney reckons its slice of the sector is still sufficiently small to give his well-motivated management team plenty of elbow room.

The core business - kitchens - has about 13 per cent of a £260m retail market (the works prices the company gets are about half the retail value). The market is growing by 5 per cent annually and last year the company increased the numbers of outlets selling its wares by 30 per cent.

Furthermore, because Spring Ram now offers more and more matching accessories, such as wine racks, tiles, and even Astarite sinks, its average individual sale went up by £350 to £1,750 despite the fact that the prices of the company's basic kitchens have remained unchanged now for seven years.

The group now makes one in four of Britain's baths. The new sanitaryware factory in Bradford produces loos and washbasins using the latest technology. Unfettered by the historically-based working practices of the Potteries, it occupies only a quarter of the space needed by typical



Wilson, and ended up working for Mr Rooney at Gower Furniture.

The 'team' in Spring Ram is an abbreviation of "Rooney and Murray." The "Rooney" comes from the Spring Bank Industrial Estate, where they started up in an old blanket mill that had four walls but no roof.

The group now owns all its own premises, buying or building as appropriate. With 14 factories, it has formed its own property subsidiary, run by Mr Murray. Expansion is paid for entirely from revenue and retained profits. "We have no gearing and pay no rent," Mr Murray says. "We don't believe in them."

Key problem for Spring Ram is to manage its growth while not allowing the drive of its founders to be dissipated by the developing size and complexity of the organisation.

So, each business area is constituted as a self-governing subsidiary with 12 managers appointed as directors. There are now 26 of these directors across the group, and they have the added incentive of share options. Mr Rooney and Mr Murray sit on the various boards, but can be overruled - and sometimes are.

Some of the original eight - all of them now rich on paper - have even agreed to new blood being brought in above them to prevent the Peter Principle (promotion beyond an individual's ability) damaging progress.

The abolition of tax relief for home improvement loans in last month's Budget might have been expected to affect the sector, but a report since then from Pannure Gordon, the company's own broker, forecasts that Spring Ram will make pre-tax profits of £24m this year and £22m in 1988.

The company therefore finds itself with a highly unusual problem: it is hard for analysts to find anything critical to say about it. In many respects, Spring Ram can be regarded as a triumph of "green field management" - starting from scratch and doing everything correctly from the outset. It has even avoided any bad luck. Could that be the only accountant with Aldright and

Hepworth offer unconditional

By Nikki Tait

Hepworth Ceramic, the building products group, has declared its £24.6m cash offer for door manufacturer, Henderson Group, unconditional in all respects.

By Thursday afternoon, the bidder had received acceptance in respect of 13.17m Henderson shares or 80.5 per cent of the equity. Amongst these was the 26.4 per cent stake accumulated by Hepworth itself.

A rival but lower bid by Midlands-based Newman Tonks failed in mid-March, effectively clearing the way for the recommended Hepworth offer.

Strong UK-led recovery gives Boustead £1.4m

By Nikki Tait

Boustead, international trader with operations in the UK, Singapore, Malaysia and Brunei, experienced a strong recovery under its new management team introduced in 1987.

Pre-tax profits more than tripled from £390,000 to £1.38m. This was achieved on turnover which dropped from £28.8m to £27.95m. After tax of £206,000 (£212,000), earnings worked through at 2.19p (0.38p). The final dividend is 0.4p making a total of 0.5p (0.1p).

Mr Tommy Macpherson, chairman, said strong progress had been made in the UK but that in the Singapore region the recovery had been more complex.

Some structural changes had been made in the group. The majority interest in Farque Investments, financial services company, was sold and Metal Supplies, processor, importer and distributor of copper tube and non-ferrous products, had become a controlled company from November 1, while remaining a joint operation with German partner R&G Schmolze Metallwerke.

Mr Michael Davis, former Imperial Foods chairman, and Mr Howard Phillips, former Golden Wonder chief executive, is buying the Baxter group for £4.5m.

Baxter, which supplies fresh and frozen meat products to caterers in London and the south-east, made pre-tax profits of £20,000 in the year ended January 31, 1988.

Barbican suspended

Barbican Holdings, industrial property and leisure company, has suspended dealing in its shares under the Stock Exchange's Rule 58(2), pending an application to join the Third Market.

The company recently raised £4.4m via a rights issue and with 8,000 shareholders, Mr Peter Parkinson, a director, said that dealing on a matched bargain basis is no longer appropriate.

Perkins Food acquisition

Perkins Food, formerly John Perkins Meats, has made its first acquisition since new management moved into the group last August.

The company, now led by Mr Michael Davis, former Imperial Foods chairman, and Mr Howard Phillips, former Golden Wonder chief executive, is buying the Baxter group for £4.5m.

Baxter, which supplies fresh and frozen meat products to caterers in London and the south-east, made pre-tax profits of £20,000 in the year ended January 31, 1988.

PENDING DIVIDENDS

Dates when some of the more important company dividend payments are expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except when the forthcoming board meetings (indicated thus *) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

Table with columns for Date, Announcement last year, and Announcement this year. Lists dividends for various companies like AB Ports, Abbey Life, and others.

FT Share Service

The following security was added to the Share Information Service in Thursday's edition: TGI (Section/Electricals).

BOARD MEETINGS table listing companies and their meeting dates from April 5 to April 14.

Senior Engineering Group plc advertisement featuring large 'SENIOR' logo and 'RECORD RESULTS IN 1987' with a table of turnover, operating profit, and profit before tax for 1987 and 1986.

TOTAL advertisement for 1987 Financial Results (Parent Company), detailing net profit, depreciation, and tax credit.

Swindon advertisement for The Financial Times, proposing to publish a survey on 4 May.

Malaysia advertisement for Floating Rate Notes Due 2005, issued by Morgan Guaranty Trust Company of New York.

Security Pacific Corporation advertisement for U.S. \$100,000,000 Subordinated Floating Rate Notes due 1992.

DG BANK FINANCE advertisement for U.S. \$100,000,000 11% Bearer Bonds due 1990, including terms and conditions.

Sapphire Petroleum P.L.C. advertisement for American Distributors PLC, detailing share capital and financials.

FINANCIAL TIMES STOCK INDICES table showing various market indices and their values for different dates.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar trades nervously in New York on strong employment data

BY COLIN WILLIAM

AS THE Easter holiday continued in Europe trading in New York resumed yesterday. The dollar weakened, following Friday's release of stronger than expected US employment data.

Forecasts varied widely, but the rise of 263,000 in non-farm payrolls was above most expectations, and suggested US growth is strong, which in turn could mean no early improvement in the trade deficit.

Estimated volume total, Calls 574 Puts 318. Previous day's open in: Calls 567 Puts 309.

The dollar opened at DM1.6500 and Y133.75, and looked set to remain depressed, although dealers were reluctant to put too much pressure on the currency for fear of intervention by the Federal Reserve.

It struggled up a little to around DM1.6820 and above Y124.00, mainly on profit taking. There were reports of some unwinding of long yen positions against the D-Mark, but trading

Estimated volume total, Calls 251 Puts 20. Previous day's open in: Calls 244 Puts 214.

was very thin in New York, with the added stimulus of business from London and Frankfurt. Sterling pushed up above \$1.8900, and held steady at around DM3.1260.

Last week on the foreign exchanges was dominated by continued demand for sterling, as the pound shrugged off the poor February trade figures, announced on the previous Friday, and by a general mood of

Estimated volume total, Calls 4903 Puts 1228. Previous day's open in: Calls 5174 Puts 2328.

nervousness surrounding the dollar.

Money moved into high yielding currencies, including the pound, as the market became generally disillusioned with the dollar.

The main impact on sterling was the evidence given to a Commons Treasury and Civil Service Committee by Mr Robin Leigh-Pemberton, Governor of the Bank of England, and Mr Nigel Lawson, Chancellor of the Exchequer. The pound rose on Wednesday after Mr Lawson, said little different to the committee from Mr Leigh-Pemberton on Monday, although according to week-end press reports there remains a major rift within official circles on currency policy.

The Governor and the Chancellor

stressed the importance of the fight against inflation. This was in line with recent comments by Mrs Margaret Thatcher, the Prime Minister, and appeared to remove a major hurdle to the pound's advance. Sterling rose sharply, and was sold by the Federal Reserve in New York, but continued to improve. The pound's rate against the dollar on Thursday was the highest since January 1982.

This week will see publication of UK official reserve figures tomorrow, but no important US data.

The median forecast in the City is for a rise of about \$1.5bn in the March reserves. Morgan Grenfell suggests there was a substantial amount of intervention prior to the uncapping of

sterling on March 7, but very little in the following weeks to the end of the month.

Morgan Grenfell forecasts the reserves will rise \$2bn. ANZ Merchant Bank agrees with this figure, and points out that on one day alone the authorities sold \$1bn of sterling below DM3.00. Even when DM3.00 was breached ANZ suggests the central bank remained active, especially prior to the brake rate cut on March 17.

Stockbroker, James Capel, believes the underlying rise in the reserves could be as high as \$3.5bn.

The market sees the next test for the pound at DM3.15, and as the debate continues on currency policy, dealers will be intrigued to see if this results in another cut in UK bank base rates.

BASE LENDING RATES

Table listing various bank base lending rates for different currencies and terms.

THE F.T. CENTENARY TRIPLE MARATHON CHALLENGE. IN AID OF THE SICK CHILDREN'S TRUST. Two employees from the Financial Times will be running the London, Paris and New York marathons this year to raise money for The Sick Children's Trust.

LIFFE FT-SE INDEX FUTURES OPTIONS table with columns for Strike, Call-settlement, Put-settlement, etc.

LIFFE 10Y TREASURY BOND FUTURES OPTIONS table with columns for Strike, Call-settlement, Put-settlement, etc.

LIFFE 5Y TREASURY BOND FUTURES OPTIONS table with columns for Strike, Call-settlement, Put-settlement, etc.

LIFFE 3Y TREASURY BOND FUTURES OPTIONS table with columns for Strike, Call-settlement, Put-settlement, etc.

LIFFE 3M TREASURY BOND FUTURES OPTIONS table with columns for Strike, Call-settlement, Put-settlement, etc.

LIFFE 10Y TREASURY BOND FUTURES OPTIONS table with columns for Strike, Call-settlement, Put-settlement, etc.

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LIFFE 3M TREASURY BOND FUTURES OPTIONS table with columns for Strike, Call-settlement, Put-settlement, etc.

LIFFE 3M TREASURY BOND FUTURES OPTIONS table with columns for Strike, Call-settlement, Put-settlement, etc.

EMS EUROPEAN CURRENCY UNIT RATES table with columns for Currency, Rate, % change, etc.

POUND SPOT - FORWARD AGAINST THE POUND table with columns for Month, Rate, % change, etc.

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STERLING INDEX table with columns for Date, Index, Change, etc.

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Notice of Redemption to the Holders of KLM Holland Airlines Finance N.V. U.S.\$100,000,000 12 1/4% Guaranteed Bonds due 1991. Unconditionally and irrevocably guaranteed by Koninklijke Luchtvaart Maatschappij N.V. (K.L.M. Royal Dutch Airlines).

LIFFE TREASURY BOND FUTURES OPTIONS table with columns for Strike, Call-settlement, Put-settlement, etc.

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MONEY MARKETS

London rates decline on strong pound

INTEREST RATES declined on the London money market last week, as sterling remained very strong. Three-month interbank fell to 8 1/2-8 3/4 p.c. from 8 3/4-9 p.c., and 12-month to 8 1/2-9 p.c. from 8 3/4-9 1/2 p.c.

The market now waits to see if the pound's advance continues, and whether this will eventually force the authorities into another cut in UK bank base rates.

A shortage of £500m on Tuesday was partly absorbed through an overnight repurchase agreement.

The surplus on Wednesday turned out to be about £200m, but on Thursday the credit position swung back the other way, leaving the market to cope with a shortage of £22m.

Factors on Thursday included a large amount of maturing bills held by the Bank of England, that required refinancing, and a sharp pre-Easter rise in the note circulation.

FT LONDON INTERBANK FIXING table with columns for Rate, Bid, Offer, etc.

WEEKLY CHANGE IN WORLD INTEREST RATES table with columns for Location, Rate, Change, etc.

NEW YORK

Prime rate 8 1/2%, Fed funds rate 7 1/2-7 3/4%, Treasury bills 7 1/2-7 3/4%, etc.

Bank of England Treasury Bill Tender table with columns for Bid, Offer, etc.

LONDON MONEY RATES table with columns for Rate, Bid, Offer, etc.

WEEKLY CHANGE IN WORLD INTEREST RATES table with columns for Location, Rate, Change, etc.

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WEEKLY CHANGE IN WORLD INTEREST RATES table with columns for Location, Rate, Change, etc.

LONDON RECENT ISSUES

Table of recent issues for equities, listing stock names, prices, and changes.

Table of recent issues for fixed interest stocks, listing stock names, prices, and changes.

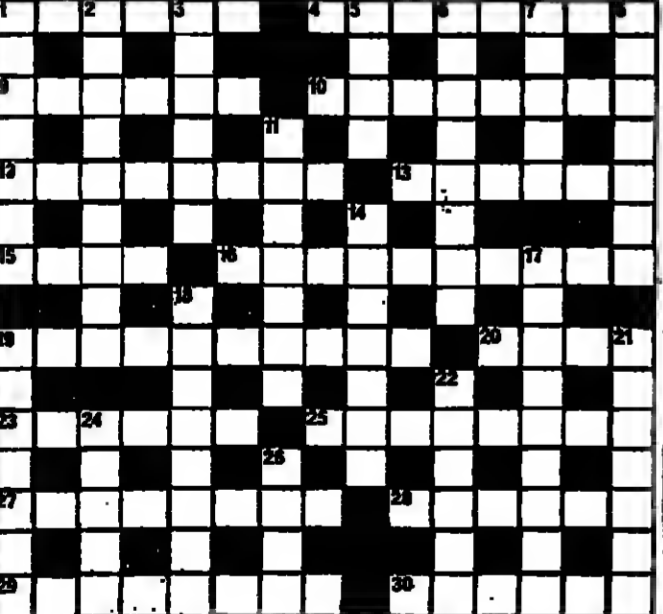
Table of recent issues for rights offers, listing stock names, prices, and changes.

Financial data summary and market commentary.

Advertisement for Finstat, a financial data service, with a logo and contact information.

Advertisement for 'Old Soldiers Never Die...' featuring an image of a soldier and a child, promoting the Army Benevolent Fund.

FT CROSSWORD No.6,597 SET BY PROTEUS



- List of crossword clues, including '1 Animal writer (6)', '2 Athlete taking drug in Kentucky presumably (4,5)', etc.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Main table listing various unit trusts, their managers, and performance metrics.

Handwritten signature or mark at the bottom of the page.

FT UNIT TRUST INFORMATION SERVICE

Handwritten note: "Financial Times" in a circle.

Main table containing unit trust information, including columns for company names, unit prices, and other financial data. The table is organized into sections such as 'INSURANCES' and various fund categories.

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

delivered

Table of FT Unit Trust Information Service listing various unit trusts with columns for Name, Class, and other details.

Table of London Share Service listing various funds and shares with columns for Name, Price, and other details.

Table of Money Market Trust Funds and Money Market Bank Accounts listing various financial products with columns for Name, Price, and other details.

LONDON SHARE SERVICE

AMERICANS - Cont'd

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

CANADIANS

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

BANKS, HP & LEASING

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

Hire Purchase, Leasing, etc.

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

BEERS, WINES & SPIRITS

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

BUILDING, TIMBER, ROADS

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

BUILDING, TIMBER, ROADS Cont'd

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

CHEMICALS, PLASTICS

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

DRAPERY AND STORES

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

BUILDING, TIMBER, ROADS

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DRAPERY AND STORES - Cont'd

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

ELECTRICALS

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

DRAPERY AND STORES

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ENGINEERING - Cont'd

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

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BUILDING, TIMBER, ROADS

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

INDUSTRIALS (Misc.) - Cont'd

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

DRAPERY AND STORES

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INSURANCES

Table with columns: Market Cap, Share, Price, Dividend, Yield, Last Dividend, Dividend Date, Ex-Dividend Date, and Shareholder's Name.

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LONDON SHARE SERVICE

Journalist

INSURANCES - Contd. Table with columns for company name, price, and date.

LEISURE. Table listing leisure-related companies and their share prices.

MOTORS, AIRCRAFT TRADES. Table listing companies in the motor and aircraft sectors.

Commercial Vehicles. Table listing commercial vehicle companies.

Components. Table listing various component companies.

Garages and Distributors. Table listing garage and distributor companies.

NEWSPAPERS, PUBLISHERS. Table listing newspaper and publishing companies.

PAPER, PRINTING, ADVERTISING. Table listing paper, printing, and advertising companies.

SHIPPING. Table listing shipping companies.

SHOES AND LEATHER. Table listing shoes and leather companies.

SOUTH AFRICANS. Table listing South African companies.

TEXTILES. Table listing textile companies.

PAPER, PRINTING, ADVERTISING - Contd. Table continuing the list of paper, printing, and advertising companies.

PROPERTY. Table listing property-related companies.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies.

TOBACCO. Table listing tobacco companies.

TRUSTS, FINANCE, LAND. Table continuing the list of trusts, finance, and land companies.

Investment Trusts. Table listing investment trusts.

Finance, Land, etc. Table listing finance, land, and other companies.

Finance, Land, etc. Table continuing the list of finance, land, and other companies.

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TEXTILES - Contd. Table continuing the list of textile companies.

TRUSTS, FINANCE, LAND - Contd. Table continuing the list of trusts, finance, and land companies.

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TRUSTS, FINANCE, LAND. Table continuing the list of trusts, finance, and land companies.

OIL AND GAS - Contd. Table continuing the list of oil and gas companies.

OVERSEAS TRADERS. Table listing overseas traders.

PLANTATIONS. Table listing plantation companies.

TEAS. Table listing tea companies.

MINES. Table listing mining companies.

Central Bank. Table listing central bank related information.

Eastern Bank. Table listing eastern bank related information.

Far West Bank. Table listing far west bank related information.

D.F.S. Table listing D.F.S. related information.

Diamond and Platinum. Table listing diamond and platinum related information.

Central African. Table listing central african related information.

Finance. Table listing finance related information.

OIL AND GAS. Table listing oil and gas related information.

Australians. Table listing Australian related information.

Finance. Table continuing the list of finance related information.

Finance. Table continuing the list of finance related information.

Finance. Table continuing the list of finance related information.

MINES - Contd. Table continuing the list of mining companies.

MISCELLANEOUS. Table listing miscellaneous companies.

THIRD MARKET. Table listing third market related information.

NOTES. Table listing notes related information.

REGIONAL & IRISH STOCKS. Table listing regional and Irish stocks.

IRISH. Table listing Irish related information.

TRADITIONAL OPTIONS. Table listing traditional options.

Industrials. Table listing industrial related information.

Property. Table listing property related information.

OHs. Table listing OHs related information.

Mines. Table listing mines related information.

Oil. Table listing oil related information.

Finance. Table listing finance related information.

Finance. Table continuing the list of finance related information.

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WORLD STOCK MARKETS

Monday's better built by...

Table with columns for Market, High, Low, Close, Change. Includes sections for Australia, France, Germany, Netherlands, and Sweden.

Table with columns for Market, High, Low, Close, Change. Includes sections for Italy, Japan, and various regional indices.

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CANADA

ONTARIO

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QUEBEC

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ALBERTA

Table with columns for Market, High, Low, Close, Change. Includes sections for Canada, South Africa, and various regional indices.

BRITISH COLUMBIA

Table with columns for Market, High, Low, Close, Change. Includes sections for Canada, South Africa, and various regional indices.

MANITOBA

Table with columns for Market, High, Low, Close, Change. Includes sections for Canada, South Africa, and various regional indices.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table with columns for Market, High, Low, Close, Change. Includes sections for Canada, South Africa, and various regional indices.

INDICES

Table with columns for Market, High, Low, Close, Change. Includes sections for Canada, South Africa, and various regional indices.

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Advertisement for 'Have your F.T. delivered every morning in The Netherlands'. Includes text about the financial newspaper and a coupon for 12 free issues.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock name, price, and change.



Continued on Page 33

NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices, including columns for stock symbols, prices, and changes. Includes sub-sections like 'Continued from Page 32' and '12 Month'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices, including columns for stock symbols, prices, and changes. Includes sub-sections like '12 Month' and 'Over-the-Counter'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices, including columns for stock symbols, prices, and changes. Includes sub-sections like 'Over-the-Counter' and 'Nasdaq national market, closing prices'.

Notes and legends explaining the data in the tables, including symbols for dividends, splits, and other financial events.

12 Month Issues when you first subscribe to the F.T. Frankfurt (069) 7598-101

AMERICA

Half-hearted rally runs out of steam

Wall Street

A HALF-HEARTED rally in equities yesterday morning, as bond prices slumped, lost steam and both bonds and equities ended lower on the first trading day since the long Easter break...

Yesterday was the first time both markets had the opportunity to react to Friday's figures because of the Easter holiday closure. Bonds also had to digest another piece of evidence about the economy yesterday which, on a whole, showed signs of economic strength.

MARKETS in Europe and South Africa were closed yesterday, except for the Madrid Bourse where shares closed mixed after a dull, thin session and the general index edged up 0.52 points to 271.43.

The latest report by National Purchasing Managers, regarded as a key indicator of demand in the economy, showed that growth slowed for the third consecutive month in March. However, there was evidence of strong growth ahead with a strong new orders component.

Canada

STOCKS gave up earlier gains to close slightly lower in quiet trading. The composite index, which had risen about eight points in earlier trading, slipped 0.90 to 3313.00 as advances outnumbered declines by 383 to 329 on light turnover of 14.8m shares.

ASIA

Price worries erode Nikkei gains

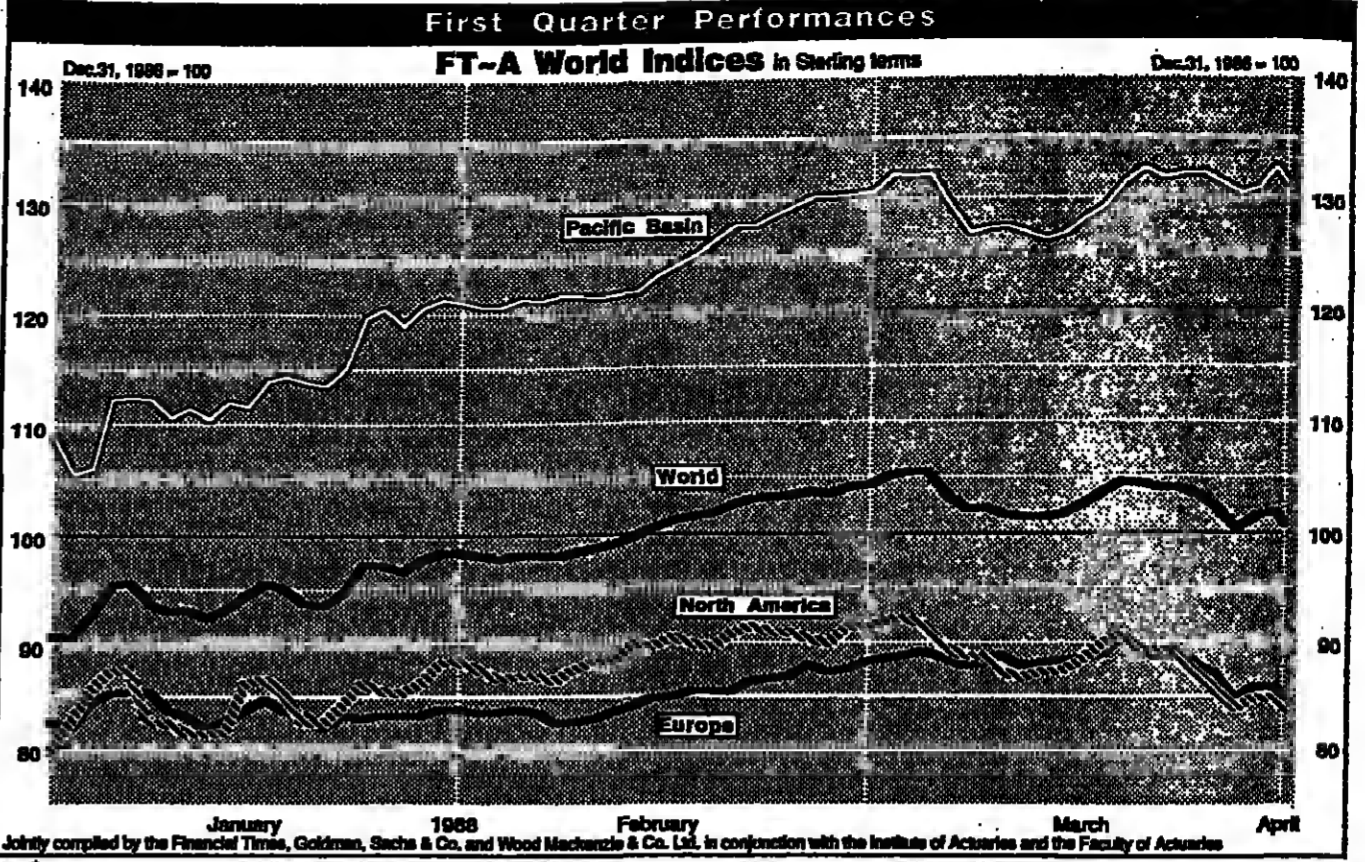
Tokyo

GROWING wariness of high prices combined with the Tokyo dollar bond market's tumble eroded early gains and held the Nikkei average to a moderate rise in Tokyo yesterday, writes Shigeo Nishikubo of Jiji Press.

Conversely, Mitsubishi Heavy Industries added Y8 to Y77 on bargain-hunting. The high-tech sector, after a firmer start, eased on the yen's appreciation against the US dollar.

Over-the-counter trading volume totalled Y3,300m. The Osaka Securities Exchange (OSE) moved ahead 158.09 to 26,492.28 on broad-based buying triggered by higher prices.

IN LETHARGIC trading in Singapore share prices closed marginally lower over a broad front on lack of buying interest and some selling by small investors.



Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table of World Currencies with columns for Country, US \$, DM, Yen, and Dollar Index. Includes sub-sections for National and Regional Markets and Dollar Index.

GRANVILLE SPONSORED SECURITIES table listing various companies and their stock prices.

FT A FINANCIAL TIMES INTERNATIONAL CONFERENCE in association with 3i and Cordis. Business with Spain event details.

WORLD CURRENCIES table showing exchange rates for various countries against the US Dollar, German Mark, and Japanese Yen.

Milk Marketing Board \$75,000,000 Floating Rate Notes 1988 advertisement.

American Express Bank Ltd. Floating Rate Subordinated Capital Notes Due 1999 advertisement.

Business with Spain event details including speakers and location.

TRADE INDEMNITY CREDIT RISK MANAGEMENT SERVICES advertisement.

Handwritten Arabic text at the bottom of the page.